

FY2014 First Quarter consolidated highlights

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July 31, 2014
Sanwa Holdings Corporation

I . Overview of Consolidated Results

	FY2013											FY2014										
	1Q			2Q		Half Year			Full Year			1Q			2Q(F)		Half Year(F)			Full Year(F)		
	(@92.57 @122.02)	profit ratio	Y/Y		Y/Y	(@95.90 @125.79)	profit ratio	Y/Y	(@97.99 @130.56)	profit ratio	Y/Y	(@102.57 @140.28)	profit ratio	Y/Y		Y/Y	(@100.00 @140.00)	profit ratio	Y/Y	(@100.00 @140.00)	profit ratio	Y/Y
Net Sales	55,556		11.1%	78,858	12.5%	134,415		11.9%	311,957		17.3%	61,817		11.3%	81,982	4.0%	143,800		7.0%	329,000		5.5%
[assumed forex rate same as the previous year]																						
Sanwa Shutter	23,895		8.9%	41,321	4.4%	65,216		6.0%	160,520		12.8%	26,324		10.2%	42,175	2.1%	68,500		5.0%	164,000		2.2%
Japanese Subsidiaries	5,295		15.0%	6,649	-1.9%	11,944		4.9%	28,581		11.0%	5,393		1.9%	6,906	3.9%	12,300		3.0%	29,200		2.2%
ODC (U.S.A.)	\$195,857 18,130		-0.2% 15.8%	\$222,404 21,980	5.5% 30.6%	\$418,261 40,111		2.7% 23.5%	\$890,375 87,247		2.7% 25.7%	\$198,717 20,382		1.5% 12.4%	\$236,282 23,117	6.2% 5.2%	\$435,000 43,500		4.0% 8.4%	\$970,000 97,000		8.9% 11.2%
Novoferm (Europe)	€ 77,679 9,478		-6.9% 6.9%	€ 82,548 10,676	-3.1% 23.8%	€ 160,227 20,154		-5.0% 15.2%	€ 328,219 42,852		-3.1% 22.3%	€ 78,759 11,048		1.4% 16.6%	€ 83,240 11,631	0.8% 8.9%	€ 162,000 22,680		1.1% 12.5%	€ 335,000 46,900		2.1% 9.4%
Operating Income	-658	-1.2%	< + >	5,173	31.2%	4,514	3.4%	37.8%	20,649	6.6%	45.7%	574	0.9%	< + >	4,625	-10.6%	5,200	3.6%	15.2%	22,000	6.7%	6.5%
[assumed forex rate same as the previous year]																						
Sanwa Shutter	-534	-2.2%	< + >	4,147	28.9%	3,612	5.5%	56.3%	13,470	8.4%	54.5%	379	1.4%	< + >	3,420	-17.5%	3,800	5.5%	5.2%	13,900	8.5%	3.2%
Japanese Subsidiaries	25	0.5%	< + >	267	30.4%	293	2.5%	209.7%	1,323	4.6%	69.2%	38	0.7%	49.4%	261	-2.3%	300	2.4%	2.3%	1,435	4.9%	8.4%
ODC (U.S.A.)	\$1,120 103		-74.6% 0.6%	\$9,330 898	10.4% 33.2%	\$10,451 1,002		-18.8% -2.4%	\$49,681 4,868		1.3% 5.6%	\$2,697 276		140.7% 166.7%	\$12,302 1,223	31.9% 36.1%	\$15,000 1,500		43.5% 49.7%	\$60,000 6,000		20.8% 23.2%
Novoferm (Europe)	-€2,012 -245		< + > -2.6%	€ 76 2	< + > < + >	-€1,936 -243		< + > -1.2%	€8,247 1,076		10.7% 2.5%	-€957 -134		< + > -1.2%	-€42 -5	< + > < + >	-€1,000 -140		< + > -0.6%	€8,500 1,190		3.1% 10.5%
Current Income	-691	-1.2%	< + >	4,990	24.3%	4,298	3.2%	32.2%	20,316	6.5%	45.2%	353	0.6%	< + >	4,446	-10.9%	4,800	3.3%	11.7%	21,500	6.5%	5.8%
[assumed forex rate same as the previous year]																						
Sanwa Shutter	-443	-1.9%	< + >	4,213	28.3%	3,769	5.8%	54.0%	13,769	8.6%	53.2%	474	1.8%	< + >	3,445	-18.2%	3,920	5.7%	4.0%	14,120	8.6%	2.5%
Japanese Subsidiaries	31	0.6%	< + >	279	30.7%	311	2.6%	180.3%	1,359	4.8%	66.2%	54	1.0%	71.4%	267	-4.3%	322	2.6%	3.4%	1,460	5.0%	7.4%
ODC (U.S.A.)	\$1,038 96		-72.1% 0.5%	\$8,544 822	7.5% 29.7%	\$9,583 919		-17.9% 2.3%	\$48,768 4,778		0.9% 5.5%	\$2,326 238		124.0% 148.2%	\$11,473 1,141	34.3% 38.7%	\$13,800 1,380		44.0% 50.2%	\$57,000 5,700		16.9% 19.3%
Novoferm (Europe)	-€2,793 -340		< + > -3.6%	-€825 -114	< + > < + >	-€3,619 -455		< + > -2.3%	€5,481 715		-25.8% 1.7%	-€1,201 -168		< + > -1.5%	-€798 -111	< + > < + >	-€2,000 -280		< + > -1.2%	€7,400 1,036		35.0% 2.2%
Other Affiliates	-61		< + >	41	-71.3%	-20		< + >	206		76.9%	-160		< + >	145	254.5%	-15		< + >	225		9.0%
Net Income	-1,487	-2.7%	< + >	2,403	10.2%	916	0.7%	-39.5%	10,161	3.3%	41.5%	11	0.0%	< + >	2,288	-4.8%	2,300	1.6%	151.1%	11,500	3.5%	13.2%
[assumed forex rate same as the previous year]																						
Sanwa Shutter	-1,439	-6.0%	< + >	2,573	35.6%	1,133	1.7%	-16.6%	7,216	4.5%	36.3%	315	1.2%	< + >	2,021	-21.4%	2,337	3.4%	106.1%	8,750	5.3%	21.3%
Japanese Subsidiaries	16	0.3%	< + >	170	19.3%	186	1.6%	151.1%	676	2.4%	33.0%	-15	-0.3%	< + >	185	8.8%	170	1.4%	-9.0%	810	2.8%	19.7%
ODC (U.S.A.)	\$503 46		-70.4% 0.3%	\$1,930 186	-36.2% -22.7%	\$2,433 233		-48.5% 0.6%	\$20,633 2,021		-15.1% 2.3%	\$1,688 173		235.4% 271.7%	\$6,411 636	232.2% 240.9%	\$8,100 810		232.8% 247.1%	\$34,500 3,450		67.2% 70.6%
Novoferm (Europe)	-€2,021 -246		< + > -2.6%	-€35 -12	< + > < + >	-€2,057 -258		< + > -1.3%	€2,451 320		22.0% 0.7%	-€1,351 -189		< + > -1.7%	-€1,649 -230	< + > < + >	-€3,000 -420		< + > -1.9%	€2,300 322		-6.2% 0.7%
Other Affiliates	-61		< + >	41	-71.3%	-20		< + >	206		76.9%	-160		< + >	145	254.5%	-15		< + >	225		9.0%

1) The relevant financial periods for each entity are as follows:
 Sanwa Shutter & Japanese subsidiaries:
 ODC & Novoferm:

First Half
 Apr.1 to Sep.30
 Jan.1 to Jun.30

Full Year
 Apr.1 to Mar.31 following year
 Jan.1 to Dec.31

2) Figures are round off. < + > is for increase, < + > is for decrease from the previous year.
 3) Each figure by entities is before consolidation adjustment.
 4) Forex rate is changed from end of the term to term average.

II. Summary of Consolidated cumulative Q1 FY2014 Results

summary	■ 1. Net sales increased for all areas (Japan, US and Europe). Net sales for US and Europe increased on a local currency basis as well. 2. Consolidated operating income turned into black for the first time in a decade. 3. Consolidated net income turned a profit for the first time ever since the quarterly earnings announcement began in 2001.
Net Sales	■ Consolidated net sales increased by 11.3% or 6.26 billion yen vs. same quarter of last year quarter. If using FY2013 currency rate, it would have been 5.1% or 2.84 billion yen higher than same quarter of last year. Japan: Increased by 8.7% vs. Q1 2013. Sanwa Shutter's sales remained strong, especially heavy-duty rolling shutters (+6.3%) and hinge doors for commercial buildings (+20.1%) thanks to favorable current market condition such as commercial facilities, factories, condominiums, healthcare facilities etc. Residential hinge doors and Window rolling shutters increased by +71.9% and 22.5% respectively vs. Q1 2013. Lightweight rolling shutters, on the other hand, decreased by 3.1% vs. Q1 2013 due to the impact of a sales tax hike took effect on April 1. Other Japanese affiliate companies also increased sales volume vs. Q1 2013. USA (ODC): Increased by 1.5% vs. Q1 2013 on a local currency basis despite having the impact of cold weather. If removing ODC France sales (liquidated in July 2013) from 2013 figures, it would have been 4.2% higher than Q1 2013. Door sales increased by 5.1% vs. Q1 2013 (removed ODC France sales from Q1 2013) as both garage doors and commercial doors sales continued to be strong. Operator and Automatic Door sales increased by 2.6% and 1.2% respectively vs. Q1 2013. Truck / Trailer Door sales, on the other hand, decreased by 2.5% vs. Q1 2013 Europe (NF): Increased by 1.4% vs. Q1 2013 on a local currency basis. Sales for Door and Door Flame and Industrial Doors increased by 5.4% and 2.2% respectively vs. Q1 2013. Garage Door sales, on the other hand, decreased by 3.2%.
Operating Income	■ Consolidated operating income turned into black and improved significantly by 1.23 billion yen vs. same quarter of last year. Operating income reconciliation is as follows: Volume increase + 0.88 billion yen, gross margin improvement + 0.43 billion yen, SG&A increase (0.11) billion yen, Japanese yen's depreciation + 0.03 billion yen. Japan: Sanwa Shutter's operating income improved by 0.91 billion yen vs. Q1 2013 due to volume increase and price realization effect (mainly commercial hinge doors), partially offset by steel price hike and SG&A costs increase (mainly personnel cost). Other Japanese affiliate companies (total) increased by 0.01 billion yen vs. Q1 2013. Showa Front, Okinawa Sanwa Shutter and Sanwa Tajima continued to improve their profitability. USA (ODC): Increased by \$1.6M vs. Q1 2013 on a local currency basis driven by gross margin improvement and price realization effect, partially offset by SG&A increase (mainly ERP depreciation costs). Europe (NF): Increased by 1.1 M Euro vs. Q1 2013 on a local currency basis due to steel price decline and SG&A costs decrease.
Current Income	■ Consolidated income also turned into black and improved by 1.05 billion yen vs. same quarter of last year. Non-operating profit was down by (0.19) billion yen due mainly to lower income for equity method affiliate companies (0.1) billion yen and lower dividend income (0.11) billion yen by reduced balance of securities.
Net Income	■ Consolidated net income also turned into black and improved significantly by 1.5 billion yen vs. same quarter of last year. The main reason is the absence of the previous year's one-time cost ((1.64) billion yen: disposal of IT capitalized software development cost booked in Q1 2013).

Forecast of FY2014 Consolidated Net Sales and Operating Income

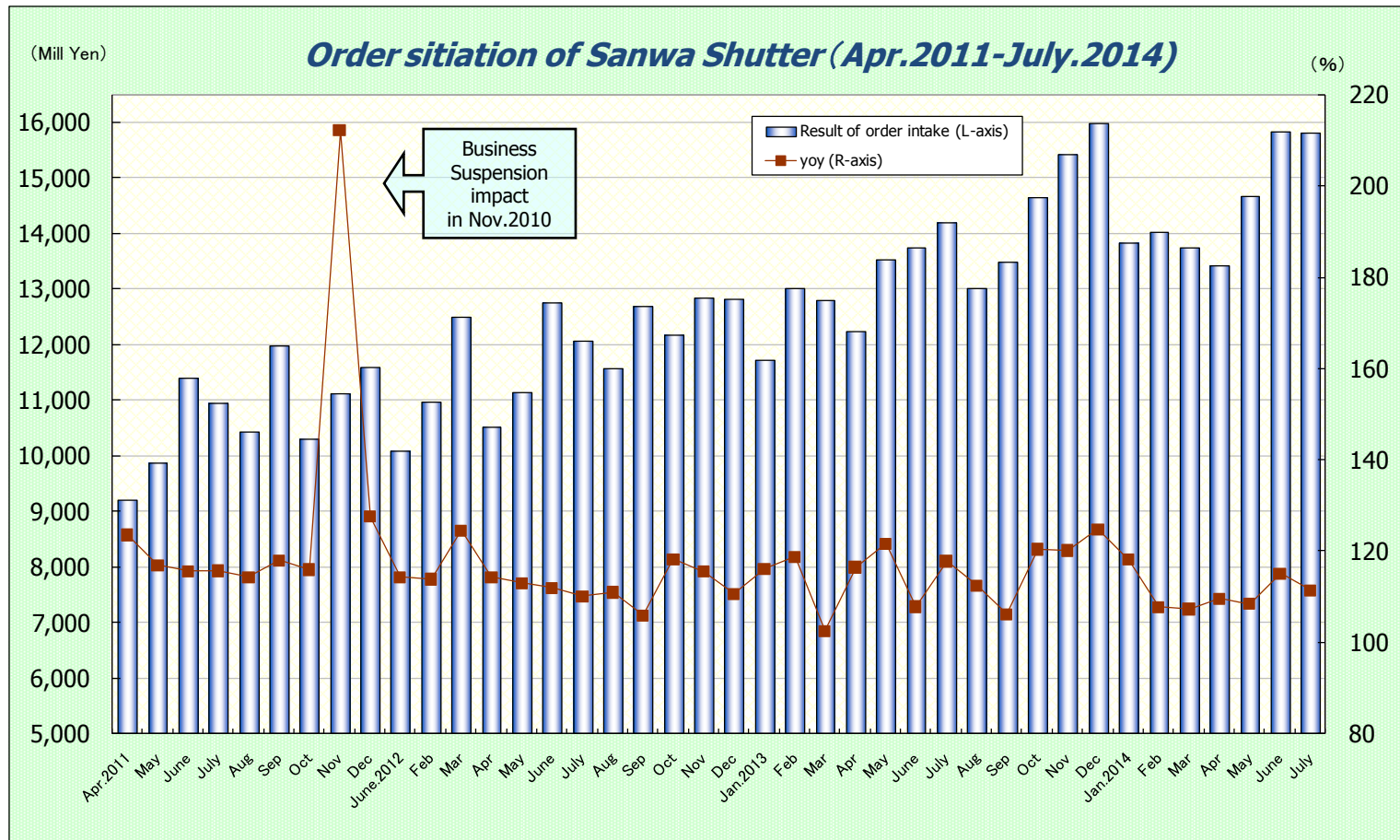
summary	■The company maintains its forecast (both 1st half and full year) from those announced on May 14, 2014. The impact of Alpha, purchased in June, seems not significant.
Net Sales	■It is expected that the full year's forecast will be achieved due mainly to the robust Japanese business and the gradual recovery of US and European business. Japan: Sanwa Shutter's sales will continue to be strong due mainly to the robust order volume despite having the negative impact of a sales tax hike during 2H 2014. Sales for other Japanese affiliated companies also expect to be strong supported by the robust non-residential building investment. USA (ODC): It is expected that the sales for main products such as Garage doors, commercial doors and operators will continue to be strong. It is also expected that sales for CDS and truck/trailer doors will recover for the rest of the year. Europe (NF): The outlook for European economy is still uncertain but we expect that NF will achieve its forecast due mainly to the improvement of German economy.
Operating Income	■Japanese business expects to maintain better-than-expected trend for the rest of the year. Both US and Europe businesses expect to achieve its forecast figures. Japan: Sanwa Shutter's operating income will exceed its forecast driven by volume increase as well as price adjustment effect, partially offset by increase in material costs and personnel costs. Other Japanese affiliate companies (total) will achieve its forecast driven by strong sales volume. USA (ODC): It is expected that ODC will achieve its forecast since Q2 2014 sales volume has gradually picked up after weak Q1 2014 sales result due to cold weather. Europe (NF): It is expected that NF will achieve its forecast driven by the effect of restructuring and cost reduction initiatives.

III. Order Intake and Net Sales by products / Sanwa Shutter

		FY2013												FY2014											
		1Q				Half Year				Full Year				1Q				Half Year(F)				Full Year(F)			
		Order Intake	% to total	Sales	% to total	Order Intake	% to total	Sales	% to total	Order Intake	% to total	Sales	% to total	Order Intake	% to total	Sales	% to total	Order Intake	% to total	Sales	% to total	Order Intake	% to total	Sales	% to total
Rolling Shutters	Lightweight	<-6.8> 6,818	17.2	<-5.0> 6,167	25.8	<-2.3> 13,586	16.9	<-2.8> 13,009	17.2	<-3.1> 27,678	16.5	<-4.7> 27,659	17.2	<-0.2> 6,801	15.5	<-3.1> 5,973	22.7	<-8.7> 12,400	15.1	<-3.9> 12,500	18.2	<-7.1> 25,700	15.1	<-7.4> 25,600	15.6
	Heavy-duty	<-40.3> 8,211	20.8	<-32.5> 4,459	18.7	<-30.0> 15,964	19.1	<-14.5> 12,648	19.3	<-18.0> 32,049	19.1	<-4.7> 30,953	19.3	<-6.3> 8,598	19.6	<-6.3> 4,741	18.0	<-2.9> 15,500	18.9	<-7.5> 13,600	19.9	<-0.8> 31,800	18.7	<-2.4> 31,700	19.3
	Sub Total	<-14.1> 15,029	38.0	<-7.8> 10,626	44.5	<-12.9> 29,551	35.6	<-5.0> 25,658	36.5	<-10.6> 59,727	35.6	<-12.3> 58,613	36.5	<-2.5> 15,400	35.0	<-0.8> 10,715	40.7	<-5.6> 27,900	34.0	<-1.7> 26,100	38.1	<-3.7> 57,500	33.7	<-2.2> 57,300	34.9
Shutter-related Products	Overhead Doors	<-9.0> 1,456	3.7	<-13.2> 1,142	4.8	<-8.4> 2,982	3.6	<-8.4> 2,648	3.8	<-9.8> 6,120	3.6	<-13.3> 6,153	3.8	<-0.3> 1,460	3.3	<-4.7> 1,088	4.1	<-3.9> 3,100	3.8	<-1.9> 2,700	3.9	<-6.2> 6,500	3.8	<-0.9> 6,100	3.7
	Others	2,395	6.1	1,328	5.6	4,993	6.0	4,115	6.2	10,123	6.0	10,013	6.2	2,739	6.2	1,611	6.1	5,200	6.3	3,900	5.7	10,400	6.1	9,400	5.7
	Sub Total	<-9.7> 3,852	9.7	<-7.8> 2,471	10.3	<-12.6> 7,975	9.7	<-7.5> 6,764	10.1	<-8.3> 16,244	9.7	<-12.2> 16,166	10.1	<-9.1> 4,201	9.6	<-9.2> 2,700	10.3	<-4.1> 8,300	10.1	<-2.4> 6,600	9.6	<-4.0> 16,900	9.9	<-4.1> 15,500	9.5
Doors	Comm. Bldgs/ Condominiums	<-16.7> 12,814	32.4	<-1.0> 4,702	19.7	<-12.3> 25,519	32.2	<-1.7> 17,862	31.4	<-15.3> 54,011	32.2	<-8.5> 50,352	31.4	<-15.8> 14,842	33.8	<-20.1> 5,649	21.5	<-2.7> 26,200	32.0	<-9.2> 19,500	28.5	<-1.3> 54,700	32.1	<-5.7> 53,200	32.4
	Residential	<-24.6> 451	1.1	<-26.1> 451	1.9	<-38.8> 1,047	1.5	<-38.4> 1,044	1.6	<-62.8> 2,586	1.5	<-62.7> 2,587	1.6	<-72.2> 777	1.8	<-71.9> 776	2.9	<-31.7> 1,380	1.7	<-32.1> 1,380	2.0	<-15.2> 2,980	1.7	<-15.2> 2,980	1.8
	Sub Total	<-17.0> 13,266	33.5	<-2.8> 5,154	21.6	<-13.1> 26,567	33.7	<-0.1> 18,907	33.0	<-16.8> 56,598	33.7	<-10.3> 52,939	33.0	<-17.7> 15,620	35.5	<-24.7> 6,426	24.4	<-3.8> 27,580	33.6	<-10.4> 20,880	30.5	<-1.9> 57,680	33.8	<-6.1> 56,180	34.3
Window-related Products		<-16.2> 1,701	4.3	<-18.3> 1,684	7.0	<-21.7> 3,845	5.1	<-21.9> 3,817	5.3	<-29.4> 8,542	5.1	<-30.1> 8,541	5.3	<-23.3> 2,098	4.8	<-22.5> 2,063	7.8	<-4.0> 4,000	4.9	<-4.8> 4,000	5.8	<-2.8> 8,300	4.9	<-2.8> 8,300	5.1
Exterior Fittings		<-2.0> 754	1.9	<-3.0> 647	2.7	<-17.9> 1,669	2.2	<-2.2> 1,416	2.2	<-38.2> 3,735	2.2	<-31.7> 3,493	2.2	<-30.3> 983	2.2	<-26.0> 816	3.1	<-1.1> 1,650	2.0	<-16.5> 1,650	2.4	<-3.9> 3,880	2.3	<-11.1> 3,880	2.4
Others	Partitions	<-29.9> 2,189	5.5	<-17.4> 1,072	4.5	<-21.3> 4,782	6.0	<-21.8> 3,306	5.4	<-23.5> 10,025	6.0	<-21.8> 8,611	5.4	<-18.2> 2,588	5.9	<-5.6> 1,132	4.3	<-21.3> 5,800	7.1	<-18.0> 3,900	5.7	<-20.7> 12,100	7.1	<-17.3> 10,100	6.2
	Stainless-Steel Entrances	<-18.9> 972	2.5	<-2.5> 308	1.3	<-15.8> 2,190	3.0	<-1.5> 1,349	2.5	<-29.1> 5,050	3.0	<-6.2> 4,065	2.5	<-31.4> 1,277	2.9	<-38.6> 427	1.6	<-37.0> 3,000	3.7	<-26.0> 1,700	2.5	<-20.8> 6,100	3.6	<-20.5> 4,900	3.0
	Aluminum Fronts	<-4.3> 208	0.5	<-4.9> 130	0.5	<-2.3> 460	0.5	<-4.3> 419	0.6	<-6.3> 912	0.5	<-13.5> 942	0.6	<-21.2> 164	0.4	<-18.0> 106	0.4	<-13.1> 400	0.5	<-4.7> 400	0.6	<-10.2> 820	0.5	<-13.0> 820	0.5
	Automatic door oprator	<-40.9> 569	1.4	<-24.0> 416	1.7	<-23.1> 1,139	1.5	<-20.8> 1,005	1.5	<-19.3> 2,437	1.5	<-27.9> 2,355	1.5	<-6.3> 604	1.4	<-3.8> 432	1.6	<-7.1> 1,220	1.5	<-20.3> 1,210	1.8	<-8.3> 2,640	1.5	<-10.4> 2,600	1.6
	Others	1,005	2.5	1,382	5.8	2,097	2.8	2,571	3.0	4,678	2.8	4,790	3.0	999	2.3	1,504	5.7	2,150	2.6	2,060	3.0	4,580	2.7	4,420	2.7
	Sub Total	<-19.0> 4,945	12.5	<-22.9> 3,310	13.9	<-13.1> 10,670	13.8	<-17.6> 8,652	12.9	<-19.1> 23,104	13.8	<-12.5> 20,766	12.9	<-13.9> 5,634	12.8	<-8.9> 3,603	13.7	<-17.8> 12,570	15.3	<-7.1> 9,270	13.5	<-13.6> 26,240	15.4	<-10.0> 22,840	13.9
Total		<-14.9> 39,550	100.0	<-8.9> 23,895	100.0	<-13.5> 80,279	100.0	<-6.0> 65,216	100.0	<-14.9> 167,952	100.0	<-12.8> 160,520	100.0	<-11.1> 43,939	100.0	<-10.2> 26,324	100.0	<-2.1> 82,000	100.0	<-5.0> 68,500	100.0	<-1.5> 170,500	100.0	<-2.2> 164,000	100.0
Commercial Building Materials		<-24.4> 25,339	64.1	<-13.7> 10,813	45.3	<-18.9> 50,996	63.0	<-5.9> 36,851	61.4	<-17.0> 105,818	63.0	<-13.2> 98,604	61.4	<-13.8> 28,825	65.6	<-15.2> 12,456	47.3	<-5.1> 53,600	65.4	<-8.8> 40,100	58.5	<-4.2> 110,300	64.7	<-5.3> 103,800	63.3
Shop-related Materials		<-6.1> 5,523	14.0	<-4.8> 4,798	20.1	<-1.9> 10,975	13.3	<-2.6> 10,339	13.8	<-3.0> 22,259	13.3	<-5.1> 22,188	13.8	<-1.7> 5,427	12.4	<-5.0> 4,556	17.3	<-10.7> 9,800	12.0	<-5.2> 9,800	14.3	<-8.8> 20,300	11.9	<-8.5> 20,300	12.4
Residential Housing Materials		<-15.6> 3,119	7.9	<-17.1> 2,998	12.5	<-25.8> 6,998	9.4	<-22.0> 6,727	9.7	<-37.3> 15,774	9.4	<-36.5> 15,546	9.7	<-29.8> 4,050	9.2	<-28.3> 3,847	14.6	<-7.2> 7,500	9.1	<-11.5> 7,500	10.9	<-1.4> 16,000	9.4	<-2.9> 16,000	9.8
Maintenance & Repair		<-0.4> 4,838	12.2	<-1.2> 4,297	18.0	<-1.7> 9,848	12.4	<-0.5> 9,495	13.0	<-5.9> 20,858	12.4	<-6.8> 20,940	13.0	<-0.9> 4,882	11.1	<-1.5> 4,362	16.6	<-3.5> 9,500	11.6	<-0.0> 9,500	13.9	<-1.2> 20,600	12.1	<-1.6> 20,600	12.6
Others		<-13.8> 729	1.8	<-67.5> 988	4.1	<-0.4> 1,459	1.9	<-59.2> 1,803	2.0	<-11.9> 3,241	1.9	<-6.9> 3,239	2.0	<-3.4> 753	1.7	<-11.4> 1,101	4.2	<-9.6> 1,600	2.0	<-11.3> 1,600	2.3	<-1.8> 3,300	1.9	<-1.9> 3,300	2.0
		Amount				Amount				Amount				Amount				Amount				Amount			
Outstanding Order Intake		67,319				66,901				59,536				77,208				73,036				66,036			
Work-in-process		20,193				18,700				12,455				20,640				21,900				15,500			

1) < > = % year on year 2) Outstanding Order Intake = Unordered, unpurchased and work-in-process

IV. Order situation of Sanwa Shutter



■ Current Sanwa Shutter's order trend

Q1 2014 order volume grew stronger than expected and was 11.1% higher than same quarter of last year.

- We were concerned about the sharp decline of order volume especially residential related products due to a sales tax hike took effect on April 1st, however, order received of residential products remained strong and order decline of lightweight rolling shutters was within expectation (not dramatically).
- Non-residential products such as Heavy-duty rolling shutters and commercial steel hinge doors, our main sector, continued to be strong thanks to the robust demand of office buildings and educational facilities.